

# **Financial Report**

**September 30, 2018**

## **South Shore Corporate Park Industrial Community Development District**

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT  
DISTRICT

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Year Ended September 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
*South Shore Corporate Park Industrial Community Development District*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the *South Shore Corporate Park Industrial Community Development District* (the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the *South Shore Corporate Park Industrial Community Development District*, as of September 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2019, on our consideration of the *South Shore Corporate Park Industrial Community Development District's*, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*McDermitt Davis & Company, LLC*

Orlando, Florida  
June 3, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the *South Shore Corporate Park Industrial Community Development District* (the “District”) financial accomplishments provide an overview of the District’s financial activities for the year ended September 30, 2018. Please read it in conjunction with the District’s Independent Auditor’s Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at September 30, 2018 by \$5,799,440, a decrease in the deficit of \$15,739,216 due to a repayment of debt in kind.
- At September 30, 2018, the District’s governmental funds reported a combined fund balance of \$67,641, an increase of \$20,044 in comparison with the prior year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the *South Shore Corporate Park Industrial Community Development District*’s financial statements. The District’s financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government and maintenance and operations related functions.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: Governmental Funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-Wide Financial Analysis**

**Statement of Net Position** - The District's net position was \$5,799,440 at September 30, 2018. The following analysis focuses on the net position of the District's governmental activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-Wide Financial Analysis (Continued):

South Shore Corporate Park Industrial Community Development Dist  
Statement of Net Position

	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Assets, excluding capital assets	\$ 73,541	\$ 54,764
Capital Assets, net of depreciation	<u>5,731,799</u>	<u>5,795,799</u>
Total assets	<u>5,805,340</u>	<u>5,850,563</u>
Liabilities, excluding long-term liabilities	5,900	7,167
Long-term Liabilities	<u>-</u>	<u>15,783,172</u>
Total liabilities	<u>5,900</u>	<u>15,790,339</u>
Net Position:		
Net investment in capital assets	5,731,799	(14,375,172)
Unrestricted	<u>67,641</u>	<u>4,435,396</u>
Total net position	<u>\$ 5,799,440</u>	<u>\$ (9,939,776)</u>

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2018 and 2017.

Changes in Net Position  
Year ended September 30,

	<b>2018</b>	<b>2017</b>
Revenues:		
Program revenues	\$ 184,275	\$ 184,275
Total revenues	<u>184,275</u>	<u>184,275</u>
Expenses:		
General government	36,981	30,659
Maintenance and operations	<u>191,250</u>	<u>205,243</u>
Total expenses	<u>228,231</u>	<u>235,902</u>
Special Item		
Prepayment in kind	<u>15,783,172</u>	-
Change in net position	<u>15,739,216</u>	<u>(51,627)</u>
Net position - beginning of year	<u>(9,939,776)</u>	<u>(9,888,149)</u>
Net position - ending	<u>\$ 5,799,440</u>	<u>\$ (9,939,776)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2018 was \$228,231. The majority of these costs are comprised of maintenance and operations.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Financial Analysis of the Government's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2018, the District's governmental funds reported combined ending fund balances of \$67,641. Of this total, \$8,640 is non-spendable and \$59,001 is unassigned.

The fund balance of the general fund increased \$20,044 due to decreased expenditures.

### **General Fund Budgetary Highlights**

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the September 30, 2018 general fund budget. The legal level of budgetary control is at the fund level.

### **Capital Asset and Debt Administration**

**Capital Assets** - At September 30, 2018, the District had \$5,731,799 invested in infrastructure, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Capital Debt** - At September 30, 2018, the District had no outstanding debt. More detailed information about the District's capital debt is presented in the notes to the financial statements.

### **Requests for Information**

If you have questions about this report or need additional financial information, contact the *South Shore Corporate Park Industrial Community Development District's* Finance Department at 12750 Citrus Park Lane, Suite 115, Tampa, FL 33625.

## **FINANCIAL STATEMENTS**

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT  
DISTRICT

**STATEMENT OF NET POSITION**

September 30, 2018

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	\$ 38,272
Assessments receivable	26,629
Prepaid costs	750
Deposits	7,890
Capital assets:	
Capital assets not being depreciated	4,387,799
Capital assets being depreciated, net	<u>1,344,000</u>
Total assets	<u>5,805,340</u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	<u>5,900</u>
Total liabilities	<u>5,900</u>
<b>Net Position:</b>	
Net investment in capital assets	5,731,799
Unrestricted	<u>67,641</u>
Net position	<u>\$ 5,799,440</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF ACTIVITIES**

Year Ended September 30, 2018

<u>Functions/Programs</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental activities:					
General government	\$ 36,981	\$ 29,859	\$ -	\$ (7,122)	
Maintenance and operations	191,250	154,416	-	(36,834)	
Total governmental activities	<u>\$ 228,231</u>	<u>\$ 184,275</u>	<u>\$ -</u>	<u>(43,956)</u>	
Special Item:					
Prepayment in kind				<u>15,783,172</u>	
Change in net position				<u>15,739,216</u>	
Net Position - beginning				<u>(9,939,776)</u>	
Net Assets - ending				<u>\$ 5,799,440</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

September 30, 2018

	<b>General</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Cash	\$ 38,272	\$ 38,272
Assessments receivable	26,629	26,629
Prepaid costs	750	750
Deposits	7,890	7,890
<b>Total assets</b>	<b>\$ 73,541</b>	<b>\$ 73,541</b>
<b>Liabilities and Fund Balances:</b>		
Liabilities:		
Accounts payable and accrued expenses	5,900	5,900
<b>Total liabilities</b>	<b>5,900</b>	<b>5,900</b>
Fund Balances:		
Nonspendable	8,640	8,640
Unassigned	59,001	59,001
<b>Total fund balances</b>	<b>67,641</b>	<b>67,641</b>
<b>Total liabilities and fund balances</b>	<b>\$ 73,541</b>	<b></b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,731,799
<b>Net Position of Governmental Activities</b>	<b>\$ 5,799,440</b>	

The accompanying Notes to Financial Statements are an integral part of this statement.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

Year Ended September 30, 2018

	<b>General</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Special assessments	\$ 184,275	\$ 184,275
Total revenues	<u>184,275</u>	<u>184,275</u>
<b>Expenditures:</b>		
Current:		
General government	36,981	36,981
Maintenance and operations	<u>127,250</u>	<u>127,250</u>
Total expenditures	<u>164,231</u>	<u>164,231</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>20,044</u>	<u>20,044</u>
Net change in fund balances	20,044	20,044
<b>Fund Balances - beginning of year</b>	<u>47,597</u>	<u>47,597</u>
<b>Fund Balances - end of year</b>	<u>\$ 67,641</u>	<u>\$ 67,641</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended September 30, 2018

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (page 10) \$ 20,044

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets. Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.

Depreciation expense (64,000)

Prepayments in-kind reduce long-term liabilities in the statement of net position. 15,783,172

Change in Net Position of Governmental Activities (page 8) \$ 15,739,216

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT  
DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**

Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special Assessments	\$ 184,275	\$ 184,275	\$ 184,275	\$ _____ -
Total revenues	<u>184,275</u>	<u>184,275</u>	<u>184,275</u>	<u>_____ -</u>
<b>Expenditures:</b>				
Current:				
General government	36,675	36,675	36,981	(306)
Maintenance and operations	<u>147,600</u>	<u>147,600</u>	<u>127,250</u>	<u>20,350</u>
Total expenditures	<u>184,275</u>	<u>184,275</u>	<u>164,231</u>	<u>20,044</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>20,044</u>	<u>20,044</u>
Net change in fund balance	-	-	20,044	20,044
Fund Balance - beginning	<u>47,597</u>	<u>47,597</u>	<u>47,597</u>	<u>-</u>
Fund Balance - ending	<u>\$ 47,597</u>	<u>\$ 47,597</u>	<u>\$ 67,641</u>	<u>\$ 20,044</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS**

Year Ended September 30, 2018

**Note 1 - Summary of Significant Accounting Policies:**

**Reporting Entity**

The *South Shore Corporate Park Industrial Community Development District*, (the “District”) was established by Hillsborough County Ordinance 08-4 enacted on March 17, 2008 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and collect non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the “Board”), which is composed of five members. At present, the Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2018, three of the Board of Supervisors were affiliated with South Shore Corporate Park, LLC (“Developer”). The District is economically dependent on the Developer.

The Board has the final responsibility for, among other things:

1. Allocating and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statements 14, 39 and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Government-Wide and Fund Financial Statements**

The financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants, contributions and investment income that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance assessments are levied by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):**

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

**General Fund** - is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**Restricted Assets** - These assets represent cash and investments set aside pursuant to bond covenants.

**Deposits and Investments** - The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):**

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, landscaping and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	25

**Long Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2018.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):**

**Deferred Outflows/Inflows of Resources (Continued)** - In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2018.

**Net Position Flow Assumption** - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Policies** - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

**Other Disclosures**

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 2 - Stewardship, Compliance and Accountability:**

**Budgetary Information**

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Each year the District Manager submits to the District Board proposed budgets for the fiscal year commencing the following October 1.
2. A public hearing is conducted to obtain public comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. Subject to certain limited exceptions set forth in the District's appropriation resolutions adopted each year, all budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**Note 3 - Deposits and Investments:**

**Deposits**

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT  
DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 3 - Deposits and Investments (Continued):**

**Investments**

The District's investment policy is governed by State Statutes and the District Trust Indenture. This policy allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. The State Board of Administration Local Government Investment Pool (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing savings accounts and certificates of deposit in state-certified qualified public depositories;
4. Direct obligations of the U.S. Treasury.

**Note 4 - Capital Assets:**

Capital asset activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 4,387,799	\$ -	\$ -	\$ 4,387,799
Total capital assets, not being depreciated	<u>4,387,799</u>	<u>-</u>	<u>-</u>	<u>4,387,799</u>
Capital Assets Being Depreciated:				
Infrastructure	1,600,000	-	-	1,600,000
Total capital assets, being depreciated	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>1,600,000</u>
Less Accumulated Depreciation for:				
Infrastructure	(192,000)	(64,000)	-	(256,000)
Total accumulated depreciation	<u>(192,000)</u>	<u>(64,000)</u>	<u>-</u>	<u>(256,000)</u>
Total capital assets being depreciated, net	<u>1,408,000</u>	<u>(64,000)</u>	<u>-</u>	<u>1,344,000</u>
Governmental activities capital assets, net	<u>\$ 5,795,799</u>	<u>\$ (64,000)</u>	<u>\$ -</u>	<u>\$ 5,731,799</u>

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 4 - Capital Assets (Continued):**

Depreciation expense for 2018 in the amount of \$64,000 was charged to maintenance and operations.

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$56,000,000. The infrastructure will include roadways, potable water and wastewater systems and landscaping improvements. The project costs are expected to be financed with the proceeds from the issuance of Bonds; however, as the District has yet to issue Bonds, the District and the Developer entered into the Acquisition of Certain Work Product, Infrastructure and Real Property Agreement ("Acquisition Agreement"), whereby the Developer agreed to advance funds and commence work on behalf of the District to enable the District to expeditiously provide the District's improvement plan. As part of the agreement, the District will pay the actual reasonable cost inclusive of reasonable financing costs incurred by the Developer in preparation of the improvements. As part of the Acquisition Agreement, the Developer conveyed completed improvements totaling \$22,230,594 to the District during a prior fiscal year. During a prior fiscal year, the District conveyed capital assets of \$9,867,188 to another governmental entity for ownership and maintenance responsibilities. Phase 1 of the project has been completed.

During a prior fiscal year, the District was awarded a grant from the Florida Department of Transportation for \$3,000,000. The grant was awarded for construction of specific roadway improvements within the District. The roadway improvements were constructed by the District and funded by the Developer and once grant funds were received, the Developer was reimbursed pursuant to the Construction Funding Agreement dated 10/9/2013.

**Note 5 - Long-Term Liabilities:**

In a prior year, the District authorized the issuance of \$130 million in aggregate bonds. As of September 30, 2018, Bonds have not been issued.

The advances below represent amounts paid by the Developer for capital assets. See Note 6 - Related Party for additional information regarding Developer Advances.

Long-term liability activity for the year ended September 30, 2018 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Advances payable:					
Developer Advances	\$ 15,783,172	-	(15,783,172)	\$ -	\$ -
Governmental activity long-term liabilities	\$ 15,783,172	\$ -	\$ (15,783,172)	\$ -	\$ -

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 6 - Related Party Transaction:**

Acquisition Agreement – First Promissory Note Agreement:

In order to avoid a delay in the implementation of the District's improvement program, which would also delay the Developer from implementing its planned development program, the Developer completed certain components of the improvements identified in the District's improvement plan. The District, who wishes to acquire those improvements in advance of receiving proceeds from certain Bond issuances, agreed to pay the Developer the actual reasonable cost inclusive of all reasonable financing costs incurred by the Developer for the construction of the improvements from the proceeds of future Bond issuances. Interest on the advances shall accrue at a rate not to exceed 5.5%, but such interest shall only be payable to the extent that such accrued interest may lawfully be included as a permitted cost of a future issuance of Bonds or Notes to repay the obligations.

Additionally, in the event Bond proceeds are not available to pay the acquisition price of the improvements, the District's obligation to pay any unpaid portion of the applicable purchase price less the value of any contribution of improvements to be made by the Developer to the District under the applicable agreements shall become deferred obligations and shall be paid, if ever, solely from funds available from the proceeds of Debt or specifically made available under the Trust Indenture to pay deferred obligations. Additionally, the Developer shall be obligated to construct and complete the District's improvements and convey the improvements as provided by the Acquisition Agreement between the District and the Developer whether proceeds of the Debt or other amounts for that purpose under the Trust Indenture are available to pay the applicable acquisition price.

During a prior fiscal year, \$11,393,398 was received from RELP Tampa, LLC. \$9,119,361 of the funds received was used to pay down the Developer advance and the balance paid was accrued interest due on the obligation. As a result, the original Developer advance to the District totaled \$10,773,050 at September 30, 2015. A second note was issued in a prior fiscal year.

Second Promissory Note Agreement:

On August 1, 2014, the District and the Developer executed a second promissory note agreement whereby the Developer conveyed completed infrastructure assets related to the 30th Street Project that have been funded by the District. The total costs were \$8,010,122, \$3 million of which were funded by grants. The remaining \$5,010,122 is to be repaid to the Developer. If Bonds have been issued prior to the maturity date of the second promissory note agreement, the Developer will be repaid from such proceeds. In the event Bonds are not issued prior to the maturity date, the District has no obligation to repay the Developer. As of the date of the report, Bonds have not been issued. The note matured on August 31, 2015, but the maturity date of both Notes was extended to August 31, 2020.

Per the agreement, the first promissory note is subordinate in all respects to the second promissory note.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 6 - Related Party Transaction (Continued):**

Consolidated Amended and Restated Promissory Payment Agreement:

On January 7, 2016, the District entered into a Consolidated Amended and Restated Promissory Payment Agreement with the Developer. The District promises to pay the Developer \$15,783,172 (the "Principal Balance"), which represents the sum of the First and Second Promissory Notes discussed above on or before August 31, 2020. The obligations under this Agreement are not general obligations of the District and the Principal Balance shall be paid only from the proceeds received by the District from the issuance of Bonds, to a bona fide third-party purchaser not affiliated with the Developer. In the event that the District cannot obtain sufficient proceeds from the issuance of the Bonds to repay the full amount of the Principal Balance, the Principal Balance shall be reduced by the amount that the District cannot obtain from proceeds received from the issuance of the Bonds. Interest at a rate not to exceed 5.5% continues to accrue, but any and all such interest shall only be payable to the extent that accrued interest may lawfully be included as a permitted cost of a future issuance of Bonds or notes to repay the obligations.

In December 2017 the District entered into an amended Promissory Note Payment agreement with the Developer. The principal balance of the Developer advance was reduced \$9,897,976 for District Impact Fee Credits retained by the Developer. The revised principal balance was \$5,885,195.

In December 2017, the Developer has declared the Note paid in full in exchange for a corresponding reduction in and release of the Assessments on the Developer owned property in the District, and is considered a prepayment in-kind.

Concentrations:

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

The Developer owns a portion of land within the District; therefore, assessment revenue in the general fund includes the assessments levied on those lots owned by the Developer. In the current year, special assessment revenue from the Developer was approximately \$87,000, 47% of total special assessment revenue.

SOUTH SHORE CORPORATE PARK INDUSTRIAL COMMUNITY DEVELOPMENT  
DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2018

**Note 7 - Management Company:**

The District has contracted with a management company to perform management advisory services, which include financial advisory and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting and other administrative costs.

**Note 8 - Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. The District has not filed any claims under this commercial coverage during the last three years.

## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
*South Shore Corporate Park Industrial Community Development District*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the *South Shore Corporate Park Industrial Community Development District* (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 3, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be a material weakness or significant deficiency. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McDermitt Davis & Company, LLC*

Orlando, Florida  
June 3, 2019

## **MANAGEMENT COMMENTS**

Board of Supervisors  
*South Shore Corporate Park Industrial Community Development District*

### **Report on the Financial Statements**

We have audited the financial statements of the *South Shore Corporate Park Industrial Community Development District*, (the “District”) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 3, 2019.

### **Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 3, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *District* did not met any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the *District*. It is management's responsibility to monitor the *District* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*McDermitt Davis & Company, LLC*

Orlando, Florida  
June 3, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors  
*South Shore Corporate Park Industrial Community Development Dist*

We have examined *South Shore Corporate Park Industrial Community Development District's* (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

*McDirmit Davis & Company, LLC*

Orlando, Florida  
June 3, 2019